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Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SSC-01 AGRE-00 EB-08 COME-00 TRSE-00
HA-05 AID-05 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
XMB-02 OPIC-03 /092 W
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P R 181454Z APR 78
FM AMEMBASSY MONTEVIDEO
TO SECSTATE WASHDC PRIORITY 6279
INFO AMEMBASSY ASUNCION
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY LA PAZ
AMEMBASSY SANTIAGO

C O N F I D E N T I A L MONTEVIDEO 1292

E.O. 11652: GDS
TAGS: EAGR, PINT, UY
SUBJECT: AGRICULTURAL FAILURES PROVOKE RESIGNATION OF MINISTER OF AGRICULTURE

REF: (A) 77 MONTEVIDEO 4355 (B) 77 MONTEVIDEO 5868

1. GOU ANNOUNED APRIL 15 ITS ACCEPTANCE OF AGRICULTURE MINISTER ESTANISLAU VALDES OTERO'S RESIGNATION. VALDES' 14 MONTHS IN OFFICE PRODUCED SEVERAL SERIOUS SET-BACKS WITHIN THE AGRICULTURAL SECTOR. HE FAILED TO PUT TOGETHER THE COMPONENTS WHICH WOULD HAVE MADE CATTLE PRODUCTION IN THIS COUNTRY MORE EFFICIENT, CHOSING INSTEAD TO DEAL ONLY WITH CATTLE PRICING. THE RESULTS WERE DIMINISHED DELIVERIES TO DOMESTIC AND FOREIGN MARKETS AND A DECLINE IN MEAT EXPORT EARNINGS OF 30 MILLION DOLLARS LAST YEAR. VALDES' AUTOCRATIC STYLE OF MANAGEMENT OF THE MINISTRY PROVOKED EVEN FURTHER ADMINISTRATIVE DECLINE AND A SERIOUS LOSS OF TRAINED TECHNICIANS. AND HIS COMBATIVENESS IN DEALING
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WITH AGRICULTURAL PRODUCERS DEEPENED THEIR SCEPTICISM THAT THE CURRENT GOVERNMENT CAN PRODUCE THE CONSISTENT AGRICULTURAL DEVELOPMENT POLICIES WHICH THE COUNTRY DESPERATELY NEEDS.

2. VALDES, A POLITICALLY AMBITIOUS LAWYER BACKED BY PRESIDENT MENDEZ, CAME IN ONLY AFTER A LONG SEARCH IN WHICH THE MANY QUALIFIED CANDIDATES APPROACHED DECLINED TO SERVE.

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WHILE HE WAS FORCED TO RESIGN ONLY LAST WEEK, HIS POLICIES HAD BEEN REJECTED AS EARLY AS LAST SEPTEMBER BY THE COUNTRY'S AGRICULTURAL ASSOCIATIONS. THOSE POLICIES WERE AGAIN THE CENTRAL TARGET OF CRITICISM IN THE GOVERNMENT'S ANNUAL PLANNING CONFERENCE (CONCLAVE) LAST NOVEMBER. NEVERTHELESS, EVEN WITHIN THE LAST MONTH VALDES WAS ASSURED BY PRESIDENT MENDEZ HE WOULD BE KEPT ON FOR ANOTHER EIGHT MONTHS TO COMPLETE HIS PROGRAMS. BUT IN RECENT WEEKS CATTLE PRODUCERS BROUGHT THE MATTER TO A HEAD BY WITHHOLDING THEIR CATTLE FROM THE MARKET. PICKING UP THE OPPORTUNITY, GENERAL RAIMUNDEZ (FORMERLY PRESIDENT OF THE BANK OF THE REPUBLIC) AND MINISTER OF ECONOMY ARISMENDI PRESSED THE CASE FOR VALDES' DISMISSAL IN THE NATIONAL SECURITY COUNCIL (COSENA) WITH THE BACKING OF GENERAL ALVAREZ. THEIR SUCCESS HAS THE APPEARANCE OF AN INTRA-MURAL VICTORY FOR ALVAREZ, BUT, IN FACT, ECONOMIC REALITY AND VALDES' FAILURES DICTATED HIS REMOVAL. PSYCHO-LOGICALLY THE PUBLIC WILL STILL SEE THIS AS A SHOW OF STRENGTH AND LEADERSHIP BY ALVAREZ.

3. THE GENERALS HAVE QUICKLY BEGUN THE SEARCH FOR A SUCCESSOR, HAVING CONSIDERED TWO CANDIDATES ALREADY. MEANWHILE THE CATTLEMEN HAVE TAKEN THE GOVERNMENT'S QUICK ANNOUNCEMENT OF A NEW BEEF PRODUCTION PROGRAM AS A POSITIVE SIGN, THOUGH IT IS ESSENTIALLY A REVERSION TO EARLIER PRACTICES.
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